



Testimony of

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**Subcommittee on Communications, Technology and the Internet**

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Chairman Boucher, Ranking Member Stearns, and Members of the Subcommittee: My name is Stanton Dodge and I am the Executive Vice President and General Counsel of DISH Network. Thank you for the opportunity to testify regarding the renewal of the Satellite Home Viewer Act.

The Subcommittee's discussion draft provides a foundation to help shape how satellite TV providers will offer broadcast stations in the digital world, a world that began in earnest over the weekend with the broadcaster digital transition. For that transition, the federal government, Congress, broadcasters, satellite TV providers, and other industry leaders came together in a coordinated fashion to further a key national objective. We hope that same spirit of cooperation can carry over to satellite TV's corresponding transition, shifting the satellite TV rules from analog to digital.

The discussion draft includes a number of key provisions to help with that transition; however, standing alone it does not go far enough toward providing consumers with access to the programming they desire. In each previous iteration of the Satellite Home Viewer Act, Congress has taken incremental and concrete steps to expand the ability of satellite TV providers to offer consumers the service they want while protecting the rights and interest of local broadcasters. At each juncture, satisfied consumers and enhanced video competition has been the result.

Starting from that important building block you have already provided, we have the opportunity to again enhance competition and satisfy consumers this year with additional reform in two key areas, serving all 210 markets and in-state Designated Market Area (“DMA”) reform.

### A Path Towards 210 Markets

First, Mr. Chairman, you and others on the Subcommittee have expressed a desire for satellite-delivered local stations in all 210 markets. We believe that an incentive-based structure to achieve this result can be accomplished if satellite TV providers and broadcasters are willing to compromise and contribute to serving these economically-challenging markets. We pledge our willingness to work with DIRECTV and the broadcasters to find common ground, and share your belief that this would be a pro-consumer result.

We serve 178 local markets today by satellite, more than any other pay TV provider in the nation. We are proud of that investment, and are equally excited to report that DISH Network will maintain its leadership position by launching four additional local markets in the next month: Marquette, Michigan; Bend, Oregon; Alexandria, Louisiana, and Lima, Ohio. That brings the DISH Network total to 182 out of 210 markets. The upcoming launch of these markets underscores our good faith commitment to continue to extend service to even more local

communities, provided certain conditions exist. Critically, each of these new markets has a local affiliate of each of the Big 4 networks. The vast majority of the remaining 29 markets that DISH Network does not serve, however, do not. We are unable to justify the substantial cost of investing in markets that do not provide the means to offer a competitively viable service.

That said, we are ready to provide service to these markets if we can all agree on a common sense future framework, and hope broadcasters are willing to partner with DISH Network and DIRECTV to find a regulatory and financial path to serve these remaining communities. As an industry, DISH Network and DIRECTV have come together with a set of principles that should be included in any solution.

1. All satellite providers should enter the digital world with the same set of rights, so consumers have true choice across all 210 markets. Regulatory disparities should not dictate consumer choices. For example, in any market missing one or more network affiliates, all satellite TV providers should have the ability to import a missing network affiliate to that entire market, regardless of whether there is bleed-over from an nearby market. All consumers should have access to ABC, CBS, FOX, and NBC content.

2. The finite amount of satellite spectrum available for video programming should be addressed head-on. As a national provider, DISH Network provides

over 1400 local broadcast stations today. If we move forward towards service in all 210 markets, realistic limits on the amount of local broadcast stations that can be shoe-horned on to a national satellite platform should be established. Cable providers have long had a fixed cap on the amount of their capacity that must be used for local broadcaster carriage, and a comparable cap is now needed for satellite as policy goals shift toward extending service throughout rural America. Similarly, broadcasters should be obligated to provide some local content to earn satellite carriage. Too many stations today have little or no local content or original programming.

3. Making local stations available to all Americans for the first time on any platform is a noble but financially daunting undertaking. To achieve the same result for telephony, our nation has established a seven billion dollar a year universal service program. There is an ongoing national dialogue on how to fund similar universal broadband coverage. With respect to video, broadcasters and cable providers do not offer universal coverage today, and serve a smaller geographic footprint than satellite today. Asking satellite carriers alone to expand further to every market and every consumer is a substantial burden; a burden that is not being asked of broadcasters or the cable industry. Satellite carriers cannot justify the costs of serving these markets alone. There should be clear financial

commitments from broadcasters to share in the burden of getting local TV service to remote areas for the benefit of our mutual viewers.

We believe these joint DIRECTV/DISH Network principles can serve as a foundation to expand the number of markets reached by satellite providers in a way that apportions the substantial cost of 210 markets in an equitable manner across industries. We acknowledge that this is not an opportune time to add costs to any industry, but believe a joint investment in these underserved markets today will help broadcasters in these rural areas long-term.

### DMA Reform

The second broad area of reform we can achieve this year is DMA reform. Mr. Chairman, you and others on the Subcommittee have also called for targeted DMA reform to ensure that all consumers have access to in-state broadcaster sources, yet in 43 states that is not the case today. Similar relief was provided for four markets in 2004. Importantly, consumers benefited and there is no evidence of harm to broadcasters. We believe that, at a minimum, a full national roll-out is now warranted so that all consumers can gain access to key in-state news, information, and other programming. This would be a necessary and incremental step, but would not address our consumers' concern fully. Broader DMA reform that provides consumers with the ability to receive the local stations of their

choosing should remain our long-term objective limited only by what technology allows.

To date, broadcasters have failed to offer constructive DMA reform proposals and instead offer solutions that are not technically viable. It should be highlighted that satellite TV providers and broadcasters have not been able to resolve this consumer issue through private copyright agreements in the decade since local-into-local service was introduced, underscoring the need for affirmative action by Congress to achieve this result now.

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Increasing the number of communities served by satellite TV providers and the number of households able to receive in-state broadcasters is an attainable and worthy public policy objective this year. The discussion draft provides a starting point to achieve these consumer goals but does not go far enough. We stand willing to work with this Subcommittee, broadcasters, DIRECTV and the content community to find the proper balance to accomplish both goals.

Thank you again for inviting me to testify this morning.